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**MP-202(Old)/MP-107**

**December – Examination 2020**

**Master of Business Administration  
(Ist Year) Examination**

**Financial Management**

**Paper : MP-202(Old)/MP-107**

*Time : 2 Hours ]*

*[ Maximum Marks : 80*

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*Note* :- The question paper is divided into two Sections A and B. Write answers as per the given instructions.

**Section-A**

**8×2=16**

**(Very Short Answer Type Questions)**

*Note* :- Answer all questions. As per the nature of the question delimit your answer in one word, one sentence or maximum up to **30** words. Each question carries 2 marks.

1. Explain the following terms within **30** words each :
- (i) Financial Control
  - (ii) Acquisition of Funds
  - (iii) Gross Working Capital
  - (iv) Economic Order Quantity
  - (v) Marginal Cost of Capital
  - (vi) Compound Rate of Interest
  - (vii) Average Rate of Return
  - (viii) Dividend

**Section–B**

**4×16=64**

**(Short Answer Type Questions)**

*Note* :- Answer any *four* questions. Answer should not exceed **200** words. Each question carries 16 marks.

2. Describe the importance of financial management.
3. Why is the maximizing wealth better goal than maximising profit ?

4. Explain the various steps of cash management.
5. Explain significance of cost of capital in financial decision-making.
6. Why does time value of money exists ? Give reasons.
7. Write short note on discounted pay-back period.
8. Explain the certainty equivalent method of adjusting risk. What are its advantages ?
9. Explain the advantages of stable dividend policy.